

PROPOSITION

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MENTAL HEALTH SERVICES EXPANSION, FUNDING. TAX ON PERSONAL INCOMES ABOVE \$1 MILLION. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

Mental Health Services Expansion, Funding. Tax on Personal Incomes Above \$1 Million. Initiative Statute.

- Provides funds to counties to expand services and develop innovative programs and integrated service plans for mentally ill children, adults and seniors.
- Requires state to develop mental health service programs including prevention, early intervention, education and training programs.
- Creates commission to approve certain county mental health programs and expenditures.
- Imposes additional 1% tax on taxpayers' taxable personal income above \$1 million to provide dedicated funding for expansion of mental health services and programs.
- Prohibits state from decreasing funding levels for mental health services below current levels.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Additional state revenues of about \$275 million in 2004–05 (partial year), \$750 million in 2005–06, \$800 million in 2006–07, and probably increasing amounts annually thereafter, with comparable annual increases in expenditures by the state and counties for the expansion of mental health programs.
- Unknown state and local savings from expanded county mental health services that partly offset the cost of this measure, potentially amounting to as much as the low hundreds of millions of dollars annually.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

County Mental Health Services. Counties are the primary providers of mental health care in California communities for persons who lack private coverage for such care. Both children and adults are eligible to receive such assistance. Counties provide a range of psychiatric, counseling, hospitalization, and other treatment services to patients. In addition, some counties arrange other types of assistance such as housing, substance abuse treatment, and employment services to help their clients. A number of counties have established so-called “systems of care” to coordinate the provision of both medical and nonmedical services for persons with mental health problems.

County mental health services are paid for with a mix of state, local, and federal funds. As part of a prior transfer of mental health program responsibilities from the state to counties, some state revenues are automatically set aside for the support of county mental health programs and thus are not provided through the annual state budget act. Other state support for county mental health programs is provided through the annual state budget act and thus is subject to change by actions of the Legislature and Governor.

State Personal Income Tax System. California's personal income tax was established in 1935 and is the state's single largest revenue source.